

Attachment III

TERM SHEET: HYBRID INSTRUMENT (instrument with an equity component)

The Member States are required to complete this attachment addressing all questions separately for each hybrid instrument foreseen by the aid measure.

I. Instrument characteristics

A. Description of the instrument

1. Please provide the instrument name
2. Please describe the instrument and demonstrate how it functions. Provide an example or a graphic illustration of its structure, if possible.
3. Does the instrument fall under the following classes:
 - the profit participation rights yes ☐ no ☐
 - silent participations yes ☐ no ☐
 - convertible secured or unsecured bonds yes ☐ no ☐

B. IFRS and national classification

4. Is the instrument considered as debt or equity under IFRS?
5. Is the instrument considered as debt or equity under national accounting standards?

C. Remuneration attached to hybrid/payment of coupons

6. What is the level of coupons?
7. Are the levels of coupons in compliance with the minimum set out in the TF COVID-19?
8. Is there a step up for coupons? Please explain how the step-up mechanism work.
9. Is the payment of coupons mandatory?
10. If coupons are not mandatory, is the payment dependant on profitability or completely discretionary?
11. If coupon not paid in year X, are the coupons deferred?
12. If coupons are deferred, are they capitalised?
13. Is there (compound) interest on deferred coupons? If so, at what level?
14. In case of write downs of the instrument, are coupons calculated on the face value of the instrument (i.e. including the written down part)?
15. Please explain who is entitled to a claim attached to the instrument and will receive payment in case the instrument is sold (e.g. in case where there are deferred coupons.)

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16. If the instrument is recognised as equity under local GAAP or IFRS, can you please explain how the instrument's remuneration will be taxed (as a dividend or as interest payment)

D. Seniority and ranking of the instrument

Please provide information on the seniority and ranking of the instrument for two different scenarios:

i) Ongoing concern

17. Are the instruments fully senior to ordinary equity?
18. If not, do they absorb losses together with ordinary equity? At what terms?
19. Are the instruments senior to some other categories of subordinated instruments?
20. If not, do they absorb losses together with some other categories of subordinate instruments? At what terms?

ii) Gone concern

21. Are the instruments fully senior to ordinary equity?
22. If not, do they absorb losses together with ordinary equity? On which terms?
23. Are the instruments senior to some other categories of subordinated instruments?
24. If not, do they absorb losses together with some other categories of subordinate instruments? On which terms?

E. Maturity (fixed, perpetuity) and termination rights

25. Is the maturity fixed duration or perpetual?
26. If fixed duration, what happens at exit if the instrument is not repaid (conversion or credit event)?
27. Does the issuer have a termination right?
28. If maturity can be extended, is this decided by the State or the beneficiary?
29. If maturity is extended, will the remuneration mechanism remain the same? If not, please specify the changes.

F. Conversion

30. Are the instruments convertible to equity?
31. If so, what are the triggers for conversion? Are they mandatory or discretionary?
32. If discretionary, is the option to convert on the issuer or the buyer?

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- 33. If conversion arises, does conversion take place at 5 percent or more below TERP (Theoretical Ex-Rights Price) at the time of the conversion.
- 34. Once converted into equity, do the requirements for remuneration of equity apply (step-ups), in line with para 68 of the TF COVID-19?

G. Replenishment of instrument

- 35. If there have been write downs of the instrument, will the instrument be replenished? If so, with which priority?

H. Repayment

- 36. Is a partial repayment of the instrument possible before maturity?
- 37. Is partial repayment of the instrument possible even if there are deferred coupons for the non-repaid part?
- 38. Is partial repayment possible if the instrument has not yet been fully replenished after being written down?

I. Voting rights

- 39. Does the instrument provide voting rights?

II. Exit of the State

- 40. Does the nominal (face) value of the instrument need to be redeemed?
- 41. Can the State resell the instruments to 3rd parties? If so, are there any conditions for such sale to take place (e.g. min duration, min price)?
- 42. If available for an individual aid measure, please describe a planned exit strategy for the State in view of a payment schedule of the remuneration and of the redemption of the State investment.